

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7053**

**BILL NUMBER:** HB 1240

**NOTE PREPARED:** Feb 2, 2010

**BILL AMENDED:** Feb 1, 2010

**SUBJECT:** Various Insurance Matters.

**FIRST AUTHOR:** Rep. Fry

**FIRST SPONSOR:** Sen. Paul

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill makes various changes to the law concerning (1) pharmacy dispensing of certain prescriptions; (2) confidentiality and disclosures of insurer information related to examinations; (3) annual audited financial reporting; (4) foreign and alien insurer filing requirements; (5) insurance producer licensing; (6) insurance holding company transactions; (7) insurance administrator licensing; (8) insurance notice and set-aside requirements for certain municipalities; (9) an unauthorized insurers exception in relation to an industrial insured; (10) consistency in application of certain requirements to various types of insurers and health maintenance organizations; (11) notice of foreclosure to residential property insurers; (12) requirements for out-of-state insurers for purposes of accident and sickness insurance; (13) passenger coverage under motor vehicle insurance policies; (14) small employer group insurance; (15) professional employer organizations; and (16) termination of residential property leases.

The bill makes conforming amendments and repeals definitions of unused terms.

**Effective Date:** (Amended) July 1, 2010; January 1, 2012; July 1, 2012.

**Explanation of State Expenditures:** *Retention of an Examiner.* The bill provides that the Department of Insurance (DOI) is not required to follow certain requirements specified in the public purchasing law. The DOI works with auditing groups and certain situations require the DOI to work quickly in order to investigate financials of insurance companies. Requiring the DOI to submit a request for proposals could slow the process. The provision will have no fiscal impact, but could enhance the responsiveness of the DOI.

*Professional Employer Organizations (PEOs).* The DOI must publish on the Internet a list of registered PEOs. The bill's requirements are within the DOI's routine administrative functions. The DOI should be able

to publish the list with no additional appropriations, assuming near customary agency staffing and resource levels.

*Rules.* The DOI Commissioner may adopt rules to implement the provisions of the bill. This requirement is within the DOI's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

The remainder of the bill codifies rules already in place, clarifies, or updates the code to conform to national standards. The bill also gives the DOI the ability to adjust fees to cover increases in expenses when necessary. Repealed cites are cites that are no longer applicable. There are no significant fiscal impacts in these provisions.

**Explanation of State Revenues:** *Termination of Residential Property Leases.* This provision could increase the number of emergency possessory orders filed with trial courts.

*Court Fee Revenue:* If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Insurance Notice and Set Aside Requirements for Certain Municipalities.* The bill could result in municipalities receiving insurance proceeds to recoup certain costs incurred for demolition or rehabilitation of damages to a building or structure caused by a fire or explosion. The specific impact will depend on the number and nature of damages caused by fire or explosions.

*Termination of Residential Property Leases:* Additional emergency possessory order petitions could be filed with courts for the following offenses committed in the dwelling unit of a tenant:

- Burglary
- Residential Entry
- Criminal Trespass

*Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**State Agencies Affected:** DOI.

**Local Agencies Affected:** Certain municipalities; Trial courts.

**Information Sources:** Robin Crosson, Legislative Liaison, DOI, 317-234-6293.

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